

## Directors' Rights to Acquire Shares or Debentures

Details of share options exercised by the directors or chief executive of the Company during the six months ended 30 September 2005 are set out in "Share Options" of note 12 to the financial statements.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to arrangements to enable the directors of the Company to acquire benefits by means of the acquisitions of shares in or debentures of the Company or any other body corporate, and none of the directors, chief executive or their spouse or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the period.

## Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

At 30 September 2005, so far as is known to the directors and chief executive of the Company, the interests or short positions of substantial shareholders/other persons in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

### Long position in shares and underlying shares of the Company

Name of shareholder	Capacity	Number of ordinary shares	Number of underlying shares*	Total	Notes	Approximate percentage of the issued ordinary shares
CH Investments	Beneficial owner	396,813,620	1,200,000	398,013,620	(1)	64.45%
Chiangs' Industrial Holdings Limited	Interest of controlled corporation	396,813,620	1,200,000	398,013,620	(1)	64.45%
Cititrust (Bahamas) Limited	Trustee	396,813,620	1,200,000	398,013,620	(1)	64.45%
Chen CHIANG	Founder of discretionary trust	396,813,620	1,200,000	398,013,620	(1), (2), (3)	64.45%
Chen CHIANG	Beneficial owner	1,000,000	2,000,000	3,000,000	(3)	0.49%

\* *The interests in underlying shares of equity derivatives represented interests in options granted under the Company's share option scheme of which they were unissued shares.*

*Notes:*

- (1) This represents the same parcel of shares held by CH Investments. Cititrust (Bahamas) Limited is deemed to have interest in the relevant shares and underlying shares by virtue of being the trustee of the Charity Foundation, the relevant shares and underlying shares are held through its controlled corporation, Chiangs' Industrial Holdings Limited which holds 74.42% controlling interest in CH Investments.
- (2) The relevant shares and underlying shares are deemed to be interested by Dr. Chen CHIANG by virtue of the SFO as he is the settlor of the Charity Foundation, and he may be regarded as the founder of the Charity Foundation.
- (3) Ms. Jwung Hwa MA, being the spouse of Dr. Chen CHIANG, in the capacity of interest of spouse, is deemed to be interested in the relevant shares and underlying shares held by Dr. Chen CHIANG by virtue of the SFO.

Save as disclosed above, at 30 September 2005, no other parties were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares and underlying shares of the Company.

## **Compliance with the Code on Corporate Governance Practices**

In May 2005, the Company has established the Remuneration Committee with specific written terms of reference as set out in code provisions of B.1 of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules. At the same time, the Company has also adopted the revised terms of reference of the Audit Committee which are in line with the code provisions of the CG Code.

The Company has complied with the applicable code provisions set out in the CG Code throughout the six months ended 30 September 2005, except for the following deviations:

**Code Provision A.4.1** stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company do not have a specific term of appointment, but subject to retirement by rotation and eligible for re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.